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List of counsel continued on the second page

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA - WESTERN DIVISION

**CREATIVE INTEGRATED
SYSTEMS, INC.,**

Plaintiff,

v.

**NINTENDO OF AMERICA INC.;;
NINTENDO CO., LTD.;;
MACRONIX AMERICA, INC.; and
MACRONIX INTERNATIONAL
CO., LTD.,**

Defendants.

Case No. 2:10-CV-2735 PA (VBK)

**PLAINTIFF'S MOTION FOR
JUDGMENT AS A MATTER OF LAW
PURSUANT TO FED. R. CIV. P. 50(a)**

Trial: March 4, 2014

Courtroom: 15

Judge: Hon. Percy Anderson

1 Plaintiff Creative Integrated Systems, Inc. (“Plaintiff” or “CIS”) respectfully
 2 moves for judgment as a matter of law in its favor on each of the claims and defenses
 3 presented by Defendants in this matter, including that:

- 4 (1) Nintendo of America Inc. directly infringes claims 5-7 of the ‘497 patent
 5 (claims 5-7) (Doc. 364-1 at 6);
- 6 (2) Defendants have failed to demonstrate that any claim of the ‘497 patent is
 7 invalid;
- 8 (3) Defendants have failed to demonstrate that any claim of the ‘497 patent is
 9 invalid for incorrect inventorship;
- 10 (4) If the inventorship of any patent claim is held to be incorrect, Defendants
 11 have failed to demonstrate that the patent should not be corrected as set
 12 forth in 35 U.S.C. § 256; and
- 13 (5) The doctrine of patent marking does not limit patent damages in this
 14 lawsuit;
- 15 (6) Defendants’ damages conclusion is unsupported under governing law.

16 I. LEGAL STANDARDS

17 Fed. R. Civ. P. 50(a) provides that a court will grant a judgment as a matter of law
 18 only where “a reasonable jury would not have a legally sufficient evidentiary basis” to
 19 find for the non-moving party. As the Rule provides:

20 (1) **In General.** If a party has been fully heard on an issue during a jury
 21 trial and the court finds that a reasonable jury would not have a legally
 22 sufficient evidentiary basis to find for the party on that issue, the court
 23 may:

24 A. resolve the issue against the party; and

25 B. grant a motion for judgment as a matter of law against the party on a
 26 claim or defense that, under controlling law, can be maintained or defeated
 27 only with a favorable finding on that issue.

28 In making the determination of whether a Rule 50 motion should be grant the

1 court is required to view the evidence in the light most favorable to the non-moving part
 2 and draw all inferences in that party's favor. *Reeves v. Sanderson Plumbing Prods., Inc.*,
 3 530 U.S. 133, 150 (2000). A Rule 50(a) motion should only be granted only if "there
 4 can be but one reasonable conclusion as to the verdict" and no reasonable jury could
 5 find in favor of the non-moving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242,
 6 250 (1986). In reviewing a motion pursuant to 50(a), a court is not permitted to make
 7 credibility determinations or to weigh the evidence. *Santa Clara Valley Distrib. Co., Inc.*
 8 *v. Pabst Brewing Co.*, 556 F.2d 942, 944 (9th Cir. 1977).

9 **II. ARGUMENT**

10 **A. Nintendo of America Inc. Directly Infringes Claims 5-7 of the '497** 11 **Patent.**

12 The undisputed evidence is that, under a correct construction of the claims,
 13 Nintendo of America, Inc. infringes claims 5-7 of the '497 patent. Defendants' First
 14 Amended Answer to the Third Amended Complaint admit that Nintendo of America
 15 sells the accused "standard" and "derivative" memory arrays as part of Nintendo game
 16 products in the United States during the relevant period (April 14, 2004 through April
 17 14, 2010). Dkt. 325 at ¶¶ 21-24. Mr. Pellegrino, Plaintiff's damages expert, also
 18 identified multiple financial records that demonstrated sales of the accused "standard"
 19 and "derivative" memory arrays in the United States. Tr. 3/7/2014, Vol. 1 at 18:13-
 20 23:13; Tr. Ex. 402, 403. Defendants' expert, Mr. Hampton, confirmed the U.S. sales
 21 during his direct examination on Tuesday.

22 Mr. Wilson, Plaintiff's technical expert, reviewed the accused standard and
 23 derivative arrays and found that they met every element of the claims. Tr. 3/5/2014 Vol.
 24 1 at 129:23 to 130:5. In reaching his conclusions, Mr. Wilson performed a detailed,
 25 claim-element-by-claim-element analysis for both the standard and the derivative
 26 arrays. Tr. 3/5/2014 Vol. 1 at 89:12 to 130:5. He followed the Federal Circuit's and this
 27 Court's claim construction rulings in this case. He identified the location of each
 28 element of the claims 5-7 asserted claims of the '497 patent in the accused standard

memory array. Tr. 3/5/2014 Vol. 1 at 88:20 to 90:15, 92:8 to 93:8, 93:18 to 98:8, 98:22 to 102:12, 102:22 to 103:8; 103:19 to 105:5, 106:15 to 114:21, 115:21 to 130:5. He then identified the location of each element of asserted claims 5-7 of the '497 patent in the derivative memory array. Tr. 3/5/2014 Vol. 1 at 90:16 to 92:6, 93:9 to 96:13, 98:10-21, 98:22 to 101:23, 102:12-21, 103:9-17, 105:12-25, 106:15 to 114:5, 114:22 to 115:20, 117:19 to 120:17, 121:7 to 130:5. Because each element is literally present in the standard and derivative memory arrays, the accused "standard" and "derivative" memory arrays infringe the '497 patent. As stipulated by the parties in the Pre-Trial Conference Order, Mr. Wilson's findings extend to all of the Mask ROM chips in the lawsuit that have the standard or derivative array. Final Pretrial Conference Order at p. 9.

Defendants presented no evidence to the contrary. Mr. Stevenson, Defendants' expert, relied on improper and unsupported new constructions of the claim terms. This was expected, as Defendants own analysis demonstrates that Defendants infringe claims 5-7 of the '497 patent. Defendants' own documents admit that the Macronix '397 patent uses, *inter alia*, "virtual-groundlines" and "main-bitline[s]" as part of the means to access memory cells in the array, just as set forth in claims 5-7 of the asserted patents. Tr. Ex. 314 at "[Technical View]" 1, 2); *see also* Tr. 3/12/2014 at 96-97 (admissions of Mr. Stevenson, Defendants' expert during cross examination). The layouts for the accused standard and derivative array chips clearly show contacts that are staggered and offset. Exs. 332, 334. Moreover, Defendants admitted in both their verified filings with the Court and in response to Creative's requests to admit that the "standard memory array" and the "derivative memory array" are "substantially similar" to one another as Mr. Stevenson (Defendants' expert) conceded during cross examination on Tuesday March 12, 2014. Tr. 3/12/2014 at 93-95 (discussing Ex. 1071; (Ex. 22, Declaration of Ful-Long Ni submitted with summary judgment motion at p. 14)). Defendants also admitted that these designs used the same terminology ("virtual groundlines," "main bitline[s]," etc.) as used in the '497 patent to describe the same structure.

B. Defendants have failed to demonstrate that any claim of the ‘497 patent is invalid.

1. Defendants presented no evidence that claim 7 is anticipated.

With respect to claim 7, Defendants presented no evidence whatsoever that claim 7 was anticipated by any piece (or alleged piece) of prior art. Defendants presented no testimony with respect to anticipation by the ‘999 patent, the Ricoh flat cell, or the Oishi foreign patent applications (Japanese Laid-Open Patent Publication H02-112278 or U.K. Pub. No. 2,224,162). Thus, a judgment as a matter of law in favor of Creative is required. *Davis v. Progressive Cas. Ins. Co.*, 2007 U.S. App. LEXIS 4180, 220 Fed. Appx. 708, 711 (9th Cir. 2007) (upholding district court’s JMOL precluding plaintiff from seeking punitive damages “[b]ecause Davis presented no evidence of” essential element of punitive damages claim); *accord Applied Med. Res. Corp. v. United States Surgical Corp.*, 549 F. Supp. 2d 1208, 1210 (C.D. Cal. 2008) (finding that it is appropriate to grant JMOL where is “a complete absence of evidence” to support a jury verdict.)

2. Defendants presented no evidence that the Japanese Laid-Open Patent Publication H02-112278 or U.K. Pub. No. 2,224,162 invalidated any claim of the ‘497 patent

Defendants presented no evidence that the asserted foreign applications were prior art (Japanese Laid-Open Patent Publication H02-112278 or U.K. Pub. No. 2,224,162). Defendants’ expert did not address either publication in his claim-element-by-claim-element analysis. Defendants’ expert (Dr. Stevenson) merely provided his unsupported assertion that his analysis of the Ricoh Flat Cell and/or the ‘999 patent also applied to the Japanese Laid-Open Patent Publication H02-112278 or U.K. Pub. No. 2,224,162. This testimony was insufficient as a matter of law to establish anticipation. *See* N.D. Cal. Model Patent Instr. No. 4.3a1; 35 U.S.C. § 102. Moreover, to the extent that Dr. Stevenson’s analysis of the ‘999 patent was asserted to apply to Japanese Laid-Open Patent Publication H02-112278 or U.K. Pub. No. 2,224,162, it is inadequate as a

1 matter of law for the reasons stated above. Defendants' claim that Japanese Laid-Open
2 Patent Publication H02-112278 or U.K. Pub. No. 2,224,162 anticipate claims 5-7 and 12
3 of the '497 patent should not be presented to the jury. Judgment as a matter of law
4 should be entered in Plaintiff's favor.

5 **3. Defendants have failed to prove anticipation of claims 5-6 and**
6 **12.**

7 Defendants have unequivocally failed to meet their burden of demonstrating that
8 the alleged prior art references teach each and every limitation of the claims of the '497
9 patent. Indeed, no reasonable jury could conclude that any claim of the '497 patent is
10 anticipated under any portion of 35 U.S.C. § 102. This issue, therefore, should not be
11 submitted to the jury.

12 The testimony of Mr. Wilson is unequivocal and irrefutable with respect to the
13 Defendants' remaining anticipation arguments. First, Mr. Wilson demonstrated
14 unequivocally that the '999 patent does not disclose "said addressed memory cell being
15 coupled in series circuit with said main bit line and said virtual ground line to define a
16 transmission path in said block, so that the length of the transmission path to said
17 addressed memory cell having a length always approximately equal to the length of said
18 addressed block." Tr. 3/5/2014 Vol. 1 at 54:16 to 55:22. As Mr. Wilson testified, the
19 "transmission path" element in Claim 5 requires an implementation using a staggered
20 contact layout. This claim language also indicates that claim 5 is directed to the Figure 9
21 embodiment of the '497 patent and not its other embodiments. *Id.*; '497 patent at Fig. 9.

22 Dr. Stevenson failed to address the Figure 9 embodiment, which is the
23 embodiment of claim 5. Dr. Stevenson limited his invalidity analysis to the "Figure 7"
24 of the embodiment of the '497 patent. Dr. Stevenson did not address (much less refute)
25 Mr. Wilson's testimony that the Figure 7 embodiment included transmission paths
26 shorter than the length of the block, and thus claim 5 could not be directed to Figure 7.
27 In fact, Dr. Stevenson did not mention Figure 9 (the embodiment of claims 5-7 and 12)
28

1 once during his direct examination and provided no comparison of the alleged prior art
2 to the Figure 9 embodiment at all.

3 As claim 6 depends from claim 5, it also cannot be anticipated by the '999 patent.
4 Moreover, Defendants failed to provide evidence through Mr. Stevenson or otherwise
5 that would lead a reasonable jury to conclude that the '999 patent anticipates the
6 additional limitations of claim 6.

7 Claim 12 is also not disclosed by the '999 patent and no reasonable jury could
8 conclude otherwise based on the presentation of evidence. The '999 patent lacks a
9 disclosure as to "addressing a selected one of said addressable memory cells requires
10 transmission of a signal on a path in said addressed block including at least one of said
11 diffusion bit lines having a length always approximately equal to the length of said
12 addressed block." As with claim 5, Dr. Stevenson did not address this requirement of
13 the claimed invention or address (much less refute) Mr. Wilson's testimony regarding it.
14 Claim 12 also requires columns that are not disclosed in the '999 patent.

15 Defendants also failed to establish that the '999 patent and Ricoh Flat Cell
16 anticipated claims 5, 6 and 12 for a second reason. All asserted claims require "first
17 means" and "second means" at the "opposite ends" of the addressed block. '497 patent
18 at col. 39, ll. 15-17; *id.* at col. 41, ll. 10-14. On cross examination, Defendants' expert,
19 Dr. Stevenson, conceded that alleged "first" and "second" means were on the same side
20 in the '999 patent's "block." The '999 patent defines its "memory cell" with a box
21 denoted with the letter "A" in, *e.g.*, Figures 1 and 3. *See* U.S. Patent No. 4,990,999 at
22 Figs. 1 & 3; *id.* at col. 2, l. 54. On cross examination, Dr. Stevenson conceded that the
23 memory cell was a block. *See, e.g.*, Tr. 03/12/14, Vol. 1 at 85. He further conceded that
24 the "first means" and "second means" at the "opposite ends" of the addressed block. *See*
25 *id.* at 85-86; '497 patent at col. 39, ll. 15-17; *id.* at col. 41, ll. 10-14. The Ricoh Flat Cell
26 has the same deficiency. Consequently, because the '999 Patent and the Ricoh Flat cell
27 both lack "first means" and "second means" at the "opposite ends" of the addressed
28 block, they cannot anticipate claims 5, 6 and 12.

1 For the same reasons as set forth above, as testified to by Mr. Wilson, the Ricoh
 2 Flat Cell does not disclose each of the elements of asserted claims 5-6, and 12.
 3 Defendants have failed to present any evidence from which a reasonable jury could
 4 conclude otherwise.

5 **4. Defendants submitted no evidence on the issue of obviousness.**

6 To establish that any asserted claim of the '497 patent is invalid as obvious over
 7 the prior art, Defendants must show by clear and convincing evidence that the claimed
 8 invention would have been obvious to a person of ordinary skill in the art at the time the
 9 invention was made. In making this determination, the following factors must be
 10 considered: (1) The scope and content of the prior art relied upon by the Defendants; (2)
 11 the difference or differences, if any, between each claim of the '497 patent that the
 12 Defendants contends is obvious and the prior art; (3) the level of ordinary skill in the art
 13 at the time the invention of the '497 patent was made; and (4) additional considerations,
 14 if any, that indicate that the invention was obvious or not obvious. *See* AIPLA Model
 15 Patent Jury Instructions, Instruction 7; *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 405
 16 and 421 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966).

17 Defendants failed to prevent any evidence of obviousness of any asserted claim or
 18 even address obviousness with their expert, Dr. Stevenson. This claim, therefore, should
 19 not be submitted to the jury.

20 **5. Defendants submitted no evidence with respect to their Section**
 21 **112 claims.**

22 To prove its enablement defense, Defendants must prove by clear and convincing
 23 evidence that the patent at the time it was originally filed did not contain a description
 24 of the claimed invention that is sufficiently full and clear to enable a person of ordinary
 25 skill in the field at the time to make and use the full scope of the invention. 35 U.S.C. §
 26 112. The patent may be enabling even though it does not expressly state some
 27 information if a person of ordinary skill in the field could make and use the invention
 28 without doing excessive experimentation. *See* N.D. Cal. Model Patent Instr. No. 4.2(b).

1 Defendants presented no evidence that the claims were not enabled. Again they did not
2 even address with their expert, Dr. Stevenson.

3 Likewise, Defendants presented no evidence to establish that claim 12 is
4 indefinite, namely, that it does not “particularly point[] out and distinctly claim[] the
5 subject matter which the applicant regards as his or her invention” in its description of
6 the “said virtual ground line” and “diffusion bit line.” 35 U.S.C. § 112.

7 Having failed to present any evidence on Section 112 defenses, Defendants are
8 not entitled to have this issue submitted to the jury.

9 **C. Defendants have failed to demonstrate that any claim of the ‘497**
10 **patent is invalid for under 35 U.S.C. § 102(f) or for failing to name its**
11 **correct inventors**

12 Once a patent issues, it is presumed that “its named inventors are the true and
13 only inventors.” *Acromed Corp. v. Sofamor Danek Group, Inc.*, 253 F.3d 1371, 1379
14 (Fed. Cir. 2001). “The burden of showing misjoinder or nonjoinder of inventors is a
15 heavy one and must be proved by clear and convincing evidence.” *Hess v. Advanced*
16 *Cardiovascular Systems, Inc.*, 106 F.3d 976, 980 (Fed. Cir. 1997) (citation omitted).
17 “[T]o be a joint inventor, an individual must make a contribution to the conception of
18 the claimed invention that is not insignificant in quality, when that contribution is
19 measured against the dimension of the full invention” *Fina Oil & Chem. Co. v. Ewen*,
20 123 F.3d 1466, 1473 (Fed.Cir.1997). Defendants have also pursued an derivation claim
21 under 35 U.S.C. § 102(f), asserting that claims 5, 6, and 12 are invalid based on the
22 Ricoh Flat Cell and because they were derived from Mr. Oishi.

23 To demonstrate that another was an inventor, Defendants must prove, by clear and
24 convincing evidence and corroboration, that another made a significant contribution to
25 the conception of the asserted claims of the patent. Whether the contribution is
26 significant is measured against the scope of the full invention. Conception is the mental
27 formulation and disclosure by the inventor of a complete idea of the inventive solution.
28 An inventive solution is considered to be a complete idea when disclosure of the idea

1 would enable anyone with ordinary skill in the pertinent art to reduce the invention to
2 practice. Explaining to the actual inventors well-known concepts or the current state of
3 the art does not make someone an inventor.

4 Likewise, merely helping with experimentation, by carrying out the inventor's
5 instructions, does not make someone an inventor. *See* National Patent Jury Instructions
6 5.8; 35 U.S.C. § 102(f); 35 U.S.C. § 256; 35 U.S.C. § 282(a); *Cordance Corp. v.*
7 *Amazon.com, Inc.*, 658 F.3d 1330, 1338-39 (Fed. Cir. 2011) (§ 102(f) defense
8 determined claim-by-claim); *Eli Lilly & Co. v. Aradigm*, 376 F.3d 1352, 1358-59 (Fed.
9 Cir. 2004); *Slip Track Sys., Inc. v. Metal-Lite, Inc.*, 304 F.3d 1256, 1262-63 (Fed. Cir.
10 2002); *Hess v. Advanced Cardiovascular Sys., Inc.*, 106 F.3d 976, 980 (Fed. Cir. 1997);
11 *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1227-28 (Fed. Cir. 1994);
12 *Shatterproof Glass Corp. v. Libbey-Owens Ford Co.*, 758 F.2d 613, 624 (Fed. Cir.
13 1985).

14 Moreover, the party asserting incorrect inventorship or derivation—here,
15 Defendants—must corroborate their claim that an inventor is missing from the '497
16 patent. *Lacks Indus. v. McKechnie Vehicle Components USA, Inc.*, 322 F.3d 1335, 1350
17 (Fed. Cir. 2003) “Starting with the Supreme Court's decision in *The Barbed Wire Patent*
18 *Case*, 143 U.S. 275, 36 L. Ed. 154, 12 S. Ct. 443, 1892 Dec. Comm'r Pat. 299 (1882),
19 and ending with our recent decision in *Union Carbide v. Shell Oil Co.*, 308 F.3d 1167,
20 1189, 64 USPQ2d 1545, 1560 (Fed. Cir. 2002), courts have consistently required
21 documentary corroboration of oral testimony by interested parties presented to
22 invalidate a patent.” *Id.*

23 **1. Because the Court lacks jurisdiction over each of the asserted**
24 **claims with respect to the inventorship issue, no determination**
25 **can be made by the jury with respect to those claims**

26 This Court lacks subject matter jurisdiction over, and the jury is not entitled to
27 consider, Defendants' Section 102(f) and inventorship defense. Defendants' Section
28 102(f) and inventorship defenses are based entirely Dr. Stevenson's analysis of the

Figure 7 embodiment. As no asserted claim is directed to the Figure 7 embodiment, the Court lacks jurisdiction to hear this argument. *See Jervis B. Webb Co. v. So. Sys., Inc.*, 742 F.2d 1388, 1399 (Fed.Cir.1984) (in patent cases, the existence of a “case or controversy must be evaluated on a claim-by-claim basis.”).

2. No evidence of inventorship or derivation was presented based on any asserted contribution other than based on the Ricoh Flat Cell

Defendant presented no evidence of derivation under Section 102(f) or of improper inventorship on any basis other than the “Ricoch Flat Cell.” Derivation and inventorship must be determined based on an analysis of the claims. *See Lemelson v. TRW, Inc.*, 760 F.2d 1254, 1267-68 (Fed. Cir. 1985); *Palmer v. Orthokinetics, Inc.*, 611 F.2d 316, 322 (9th Cir. 1980); *Cordance Corp. v. Amazon.com, Inc.*, 658 F.3d. 1330, 1338-39 (Fed. Cir. 2011) (addressing Section 102(f) defense claim-by-claim) Defendants only purported to analyze the claims based on the “Ricoch Flat Cell.” Consequently, judgment as a matter of law should be entered in Plaintiff’s favor on all of Defendants’ derivation and improper inventorship claims other than their Ricoh Flat Cell claim.

3. No evidence of inventorship was presented as to Claim 7

Additionally, an improper inventorship and invalidity claim under Section 102(f) is treated the exact same way as an invalidity claim under the other parts of Sections 102—*on a patent-claim-by-patent-claim* basis. For example, in *Rosco, Inc. v. Mirror Lite Co.*, the Federal Circuit remanded and instructed: “the district court **should analyze the validity of each claim** and should consider validity under sections 102(a), 102(f), and 103.” 304 F.3d 1373, 1382 (Fed. Cir. 2002) (emphasis added). In its subsequent decision in *Rosco, Inc. v. Mirror Lite Co. II*, the Federal Circuit confirmed that invalidity defenses under § 102, including subpart (f), apply on a claim-by-claim basis: “In particular, we directed the district court to address [] whether Rosco has shown by clear and convincing evidence that Mirror Lite’s ‘984 patent is invalid under 35 U.S.C.

1 §§ 102(a), **102(f)**, and 103, **considering each claim separately**”, 120 Fed. Appx.
2 832, 833 (Fed. Cir. 2005) (emphasis added). Similarly, in *Cordance*, the Federal Circuit
3 analyzed the § 102(f) invalidity defense on a claim-by-claim basis. 658 F.3d. at 1337-
4 39. In that case, Cordance filed a JMOL for relief that claims 1-3, 5, and 7-9 were not
5 invalid under §102(f). *Id.* at 1337. The district court granted the § 102(f) JMOL motion
6 for all claims *except* 2 and 9. *Id.* at 1338. The Federal Circuit upheld the jury’s finding
7 that claims 2 and 9 were invalid for incorrect inventorship under § 102(f) while finding
8 that the remaining claims of the patent were valid. *Id.* Here, as in *Cordance*, the jury is
9 not entitled to consider any inventorship claim based on anything other than the asserted
10 claims.

11 For the reasons set forth above with regard to the Ricoh Flat cell, Defendants
12 have failed to establish their Section 102(f) derivation claim as to any asserted claim. A
13 derivation claim is a claim of anticipation under Section 102, and Defendants have
14 failed to demonstrate that the Ricoh Flat Cell anticipates each and every element of any
15 asserted claim.

16 Defendants have also failed to establish their incorrect inventorship claim as to
17 any of the asserted claims. Incorrect inventorship requires a substantial contribution to a
18 claim when measured in view of the entire claim. “[T]o be a joint inventor, an individual
19 must make a contribution to the conception of the claimed invention that is not
20 insignificant in quality, when that contribution is measured against the dimension of the
21 full invention” *Fina Oil & Chem. Co. v. Ewen*, 123 F.3d 1466, 1473 (Fed.Cir.1997). Dr.
22 Stevenson presented no substantial evidence of a contribution to a claim, as set forth
23 herein. To the contrary, the evidence of record indicates that the Ricoh Flat Cell and Mr.
24 Oishi’s work was not operable until Mr. Komarek created his designs.

25 Moreover, Defendants have failed to corroborate either their derivation or
26 incorrect inventorship claim. All of Defendants’ invalidity claims require corroboration.
27 *Finnigan Corp. v. US Intn. Tr. Com.*, 180 F.3d 1354 (Fed. Cir. 1999). There is no
28 corroborating evidence that Mr. Oishi made a substantial contribution to the claims; to

1 the contrary, Mr. Oishi testified by declaration read into the record that he did not
2 consider himself to be an inventor of the '497 patent.

3 Finally, Defendants have presented no evidence that claim 7 is invalid in view of
4 derivation or incorrect inventorship for an additional reason. Dr. Stevenson performed
5 no specific analysis of claim 7. Thus, Defendants are not entitled to have this issue be
6 submitted to the jury for consideration for this reason as well.

7 **4. Defendants' evidence concerned *unasserted* patent claims and**
8 **cannot be a basis to invalidate the asserted claims.**

9 The only evidence presented by Defendants to support an inventorship claim was
10 based on Figure 7 of the '497 patent. There was no evidence presented, however, from
11 which a reasonable jury could conclude that Figure 7 describes an embodiment of any
12 asserted claim. In fact, Defendants' own testimony at trial established that Figure 9,
13 which is an embodiment of the asserted claims of the '497 patent, is an embodiment of a
14 completely different chip with completely different circuitry. Tr. 3/5/2014 Vol. 1 at
15 46:15-57:24. Therefore, the evidence presented is insufficient to permit this issue to be
16 submitted to the jury.

17 **5. There is no evidence from which a jury could conclude that Mr.**
18 **Oishi made a "significant" contribution to any claim.**

19 To reiterate, there is no evidence in the record from which a jury could conclude
20 that there is doubt with respect to inventorship. Indeed, the only evidence is that Mr.
21 Oishi himself believes that he is not an inventor of the '497 patent. Two declarations
22 from the allegedly omitted inventor (Mr. Oishi) were read into the record stating that
23 Mr. Oishi did not claim to be an inventor of the '497 patent. Tr. 3/11/2014 Vol. 1 at 49:2
24 to 57:24. Thus, no reasonable jury could conclude otherwise. There was also no
25 evidence presented to corroborate Defendants' theory that Mr. Oishi contributed to any
26 claim element.

D. If the inventorship of any claim held to be incorrect, Defendants have failed to demonstrate that the patent should not be corrected as set forth in 35 U.S.C. § 256

“Incorrect inventorship,” however, “is a technical defect in a patent that may be easily curable.” *Winbond Electronics Corp. v. International Trade Com’n*, 262 F.3d 1363, 1371 (Fed. Cir. 2001) (citation omitted). If a Defendants prove incorrect inventorship, the general rule is that the Court does not hold the entire ‘497 patent invalid. Rather, the Court may invalidate the claims affected by the incorrect inventorship claim, effectively striking them from the patent. 35 U.S.C. § 282(a) (invalidity of any one claim does not affect others); *accord Cordance Corp. v. Amazon.com, Inc.*, 658 F.3d 1330, 1338-39 (Fed. Cir. 2011) (incorrect inventorship applies claim-by-claim). Alternatively, upon request from Creative, the Court can order that inventorship be corrected. *Trovan, Ltd. v. Sokymat SA, Irori*, 299 F.3d 1292, 1301 (Fed.Cir. 2002) (citing 35 U.S.C. § 256(a) (2002)).¹

No reasonable jury could find for Defendants that incorrect inventorship has been established. In the event the Court concludes otherwise, however, Defendants have failed to present any evidence of “deceptive intention” that would preclude the patent from simply being corrected as set forth in 35 U.S.C. § 256. To the contrary, two declarations from the allegedly omitted inventor (Mr. Oishi) were read into the record stating that Mr. Oishi did not claim to be an inventor of the ‘497 patent. The evidence of record also demonstrates that Mr. Oishi’s employer—Ricoh, the ‘497 patent’s exclusive licensee—knew that the ‘497 patent named Mr. Komarek as its inventor and made no objection. Tr. 3/6/2014 Vol. 2 at 35:6 to 36:13, 49:3 to 54:12, 69:12-15; Tr. 3/11/2014 Vol. 1 at 49:2 to 57:24; Exs. 33-39. Furthermore, Defendants have withdrawn and dismissed with prejudice their inequitable conduct claim based on the theory that Mr. Komarek acted with deceptive intent.

¹ The America Invents Act modified this provision of the Patent Act but it does not affect the issues raised in this motion. *See* 35U.S.C. § 256(a) (2011).

1 No reasonable jury could find an error in inventorship. To the extent that any
2 claim of incorrect inventorship is sustained and affects the claims asserted in this
3 lawsuit, however, there is no evidence of any deceptive intent by Mr. Komarek, Mr.
4 Oishi, or anyone associated with the Plaintiff. Consequently, any asserted error in
5 naming the correct inventors of the '497 patent can and should be corrected.

6 **E. The Law of Patent Marking Does Not Limit Patent Damages in this**
7 **Lawsuit.**

8 Defendants have failed to establish their marking defense. Section 287(a) is
9 triggered only if a patentee, or a person acting for or under the patentee, actually offers
10 for sale or sells a product that embodies the claimed invention of the asserted patent in
11 the United States. 35 U.S.C. § 287(a); *Texas Digital Sys., Inc. v. Telegenix, Ind.*, 308
12 F.3d 1193, 1219-20 (Fed. Cir. 2002) (citing *Wine Railway Appliance Co. v. Enterprise*
13 *Railway Equipment Co.*, 297 U.S. 387, 393 (1936)). Marking does not apply where no
14 patented article is sold by, for, or under a patentee in the United States. *Id.* Moreover,
15 even where unmarked patented articles are sold in the United States in violation of the
16 marking statute, a patentee can still collect damages once it gives notice to Defendants
17 of their infringements. 35 U.S.C. § 287(a).

18 There are multiple independent grounds to grant judgment as a matter of law in
19 Plaintiff's favor on this point.

20 **First**, there is no evidence of a sale under the '497 patent that would trigger an
21 obligation to mark. The obligation to mark can only be triggered by the patentee or
22 persons acting for or under the patentee. 35 U.S.C. § 287(a). Plaintiff never made,
23 offered for sale, or sold a product embodying the '497 patent in the United States. Tr.
24 3/6/2014 at 48:19-20. Plaintiff's sole (and exclusive) licensee, Ricoh Company, Ltd.,
25 never made, offered for sale, or sold a product embodying the '497 patent in the United
26 States. Tr. 3/6/2014 at 50:20-51:3. Ricoh was Plaintiff's only licensee under the '497
27 patent (express or implied) and Ricoh held an exclusive license through 2006. *See, e.g.*,
28 Tr. Ex. 33. Thus, the marking statute was never triggered.

1 **Second**, Defendants’ alleged sale activity cannot, as a matter of law, trigger the
2 marking statute. There is no evidence that any Defendant was a licensee of either Ricoh
3 or CIS (express or implied). To the extent Defendants allege that Ricoh sold ROM
4 chips to Nintendo Co., Ltd. in Japan, these foreign sales were not (and could not be)
5 licensed under a U.S. patent (*e.g.*, the ‘497 patent). Defendants have not produced (or
6 even alleged the existence of) any agreement or understanding with Ricoh or CIS that
7 would grant them an express or implied license under the ‘497 patent from Ricoh (the
8 exclusive licensee) or CIS. Moreover, foreign sales cannot exhaust a U.S. patent or
9 provide an implied license to practice a U.S. patent. “United States patent rights are not
10 exhausted by products of foreign provenance.” *Ninestar Tech. Co. v. ITC*, 667 F.3d
11 1373, 1378 (Fed.Cir. 2012) (citing and discussing *Fujifilm Corp. v. Benun*, 605 F.3d
12 1366 (Fed.Cir. 2010); *Fuji Photo Film Co., Ltd. v. Benun*, 463 F.3d 1252 (Fed.Cir.
13 2006); *Jazz Photo Corp. v. ITC*, 264 F.3d 1094 (Fed.Cir. 2001)).

14 **Third**, Defendants have a fundamental proof problem with the allegation that
15 they, themselves, triggered the obligation to mark based on alleged sales of Nintendo
16 game products in the United States containing a Ricoh ROM chip. The rule in the
17 Central District of California is that Defendants bear the initial burden of proving an
18 obligation to mark. *See, e.g., In re Katz Interactive Call Processing Litigation*, 821
19 F.Supp. 2d 1135, 1158-59 (C.D. Cal. 2011) (noting split in authority at the district court
20 level but following precedent in the Central District of California); *Unova Inc. v.*
21 *Hewlett-Packard*, 2006 WL 5434534, *1 (C.D. Cal. 2006); *accord In re Katz Interactive*
22 *Call Processing Patent Litigation*, No. 07-ML-01816-RGK (FFMx), 2009 WL 8635995,
23 *3-*4 (C.D. Cal. Aug. 3, 2009). This is also the rule in many courts outside the Central
24 District of California. *See, e.g., Oracle America, Inc. v. Google Inc.*, 2011 WL 5576228,
25 *2-*3 (N.D. Cal. 2011) (denying motion for summary judgment); *Broadcom Corp. v.*
26 *Agere Sys. Inc.*, No. 04-cv-2416, 2004 WL 2009320, at *4 & n.5 (E.D. Pa. Sept. 8,
27 2004) (refusing to limit patentee's claim for damages because defendant “failed to prove
28 that the ... products [plaintiff] sold ... were ‘patented articles’ within the meaning of the

[patents-in-suit]”); *Laitram Corp. v. Hewlett-Packard Co.*, 806 F. Supp. 1294, 1296-97 (E.D.La. 1992). No evidence was introduced to show any triggering U.S. sale. Among other things:

- There is no evidence that any relevant ROM chips were made in the United States by anyone (including Defendants).
- There is no evidence that Nintendo Co. Ltd. (Japan) ever sold or offered for sale any product in the United States. Tr. 3/10/2014 at 121:25 to 122:3, 126:3-15. ;
- There is no evidence that Nintendo of America ever sold or offered for sale any Ricoh ROM chip in the United States.
- Moreover, Nintendo of America’s witness testified that it did not even know of Plaintiff and had no agreement or relationship with Plaintiff. Nintendo of America could not possibly be acting “for or under” Plaintiff. 35 U.S.C. § 287(a).

Fourth, there is no evidence from Defendants’ documents (or anywhere else) that (1) even a single Ricoh ROM chip actually made it into the United States (as opposed to Canada) or was sold or offered for sale; or, (2) any of the ROM chips made it into the United States after the ‘497 patent issued in August, 1993, when any marking obligation might arise. *See* 35 U.S.C. § 287(a). The document offered by Defendants to establish that Ricoh ROM chips may have been sold in the United States only reflects alleged imports after 1991 and included alleged imports to Canada. Ex. 756; Tr. 3/7/2014 Vol. 2 at 126:1-5; Tr. 3/10/2014 at 90:7-8. Mr. Takeda’s vague belief that Exhibit 756 indicates that ROM chips may have been imported into the United States or Canada is insufficient as a matter of law to trigger an obligation to mark. *See, e.g., Oracle America, Inc.*, 2011 WL 5576228, *2–*3.

Fifth, no document or testimony established that any of these alleged imports of Ricoh ROM chips embodied the ‘497 patent. To the contrary, Mr. Takeda testified that all ROM chips, including Ricoh ROM chips, were a “black box” to Nintendo. Tr.

1 3/10/2014 at 66:8-25. Thus, there is no evidence that any Ricoh ROM sold to Nintendo
2 chip was a “patented article” within the meaning of 35 U.S.C. § 287(a). *See, e.g., Oracle*
3 *America, Inc.*, 2011 WL 5576228, *2.

4 ***Sixth***, the evidence that demonstrates that Ricoh sold Nintendo of Japan several
5 ***different*** ROM chips that did not practice the ‘497 patent. Ex. 527. These included the
6 Ricoh “flat cell” design and ROM chips that may have embodied any of the other
7 ***fifteen*** patents that Plaintiff licensed to Ricoh. Ex. 877 at CIS00028790. Testimony
8 from Plaintiff that it “guess[ed]” that some ROM chips made by Ricoh under its
9 Agreement with Plaintiff may have found their way into the United States is insufficient
10 as a matter of law to establish an obligation to mark, as there is no testimony or other
11 evidence that any ROM chip actually embodied the ‘497 patent. 12/1/10 Komarek
12 Deposition at 32:07-33:14; 2/8/2012 Deposition of Shiro Fujioka at 67:21-68:4; *see,*
13 *e.g., Oracle America, Inc.*, 2011 WL 5576228, *2–*3.

14 ***Seventh***, there is no evidence that anyone (including Ricoh or any defendant)
15 made, offered for sale or sold any “patented article” within the meaning of the marking
16 statute. Nintendo of America allegedly offered only video game systems and games in
17 the United States that may contain one or more ROM chips. There is no evidence that
18 Nintendo of America (or any other defendant) ever offered for sale a ROM chip, much
19 less one that practiced the ‘497 patent.

20 ***Eighth***, even if Defendants’ tortuous theory were accepted, Defendants do not
21 qualify for the protections of 35 U.S.C. § 287(a). Under Defendants’ theory, they are not
22 “the public” but rather the entities who allegedly sold patented articles in the United
23 States. Defendants thus contend that they themselves were in privity with the Plaintiff
24 and had the obligation to mark. *Id.* (“Patentees, and persons making, offering for sale,
25 or selling within the United States any patented article for or under them, or importing
26 any patented article into the United States, may give notice ***to the public*** that the same is
27 patented”). As privities of CIS, Defendants cannot avail themselves of the protections of
28 the patent marking statute.

1 *Ninth*, any failure to mark cannot extend beyond the time that products were
2 allegedly made, sold, or offered for sale in the United States. The undisputed evidence is
3 that Ricoh stopped manufacturing any ROM chips under its agreement with Plaintiff no
4 later than 1997 (the date of the last royalty payment). 12/1/2010 Deposition of James
5 Komarek Tr. 99:4-6, Ex. 877. This cessation occurred at least seven years before the
6 introduction of the accused ROM chips in the Nintendo products (Macronix ROMs that
7 are used in the Wii were introduced in 2006 and DS were introduced in 2004)).
8 Marking does not apply. 35 U.S.C. §287(a); *WiAV Solutions LLC v. Motorola, Inc.* 2010
9 WL 3199706, *4-*5 (E.D. Va. 2010)

10 *Tenth*, even if marking was triggered, Defendants received notice of
11 infringement. Defendants have asserted as much at trial as part of their estoppel and
12 laches defenses, and are barred and estopped from asserting otherwise. *See also*
13 Summary judgment filings.

14 **F. Defendants' damages testimony is legally unsupportable**

15 Defendants' damages theory is legally unsupported. Defendants' expert, Mr.
16 Hampton, acknowledged that his testimony was based exclusively on his report, which
17 is riddled with legal error. *See* Trial Testimony on 3/13/204 [presently unavailable]. Mr.
18 Hampton's report states that "CIS may have negotiated with Macronix and Nintendo,
19 but would have entered into a license agreement for the '497 Patent with Macronix" and
20 not Nintendo. Hampton Report, at ¶ 41; *see* Trial Testimony on 3/13/204 [presently
21 unavailable]. He further assumed that the Macronix license would be "restricted to the
22 United States (not worldwide), without the right to sublicense the patent." *Id.* at ¶ 77;
23 *see* Trial Testimony on 3/13/204 [presently unavailable]. Using these assumptions,
24 Hampton concludes that Macronix would pay a reasonable royalty of only 0.5% for a
25 restricted U.S.-only license. *Id.* at ¶ 18; *see* Trial Testimony on 3/13/204 [presently
26 unavailable].

27 It was legal error for Mr. Hampton to base his 0.5% royalty rate on a license that
28 excluded Nintendo. Mr. Hampton asserts that a license granted to a manufacturer (like

Macronix) ordinarily extends to a purchaser (like Nintendo). This doctrine, known as the “first sale” doctrine, does not apply where the sale occurs outside of the United States. Rather, the Federal Circuit has repeatedly held that “United States patent rights are not exhausted by products of foreign provenance.” *Ninestar Tech. Co. v. ITC*, 667 F.3d 1373, 1378 (Fed.Cir. 2012) (“*Quanta Computer, Inc. v. LG Electronics, Inc.* did not eliminate the first sale rule's territoriality requirement.”) (citing and discussing *Fujifilm Corp. v. Benun*, 605 F.3d 1366 (Fed.Cir. 2010)); *Fuji Photo Film Co., Ltd. v. Benun*, 463 F.3d 1252 (Fed.Cir. 2006); *Jazz Photo Corp. v. ITC*, 264 F.3d 1094 (Fed.Cir. 2001)). Mr. Hampton cannot rely on the doctrine of patent exhaustion to extend his presumed U.S.-only license to Macronix for sales outside of the U.S to Nintendo. *Id.*

In excluding Nintendo from the “hypothetical negotiation” license, Mr. Hampton failed to account for its infringement. Moreover, because a license to Macronix does not extend to Nintendo under the law, Mr. Hampton’s analysis was contrary to the legal presumption that he had to assume that the ‘497 patent was valid and infringed by Nintendo as part of his reasonable royalty analysis. *Lucent Technologies, Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1325 (Fed. Cir. 2009).

Mr. Hampton further erred in placing improper weight on a 1988 Development Agreement between Ricoh Co. Ltd. (“Ricoh”) and Creative under Georgia-Pacific Factor No. 1. Ex. Tr. Ex. 33. The 1988 Development Agreement was executed about 18 months before the first application for the ‘497 patent was filed in 1990 and six years before the hypothetical negotiation between Creative and Defendants in 1994. *Id.* at ¶ 4. At the time the Development Agreement was executed, there was no way for either Ricoh to know whether any patent would issue or what the value of that patent might be. Indeed, the 1988 Development Agreement required Ricoh to pay Creative a royalty (varying between 1-2% of sales) even if *no* patent issued. *Id.* at ¶ 5.4. Moreover, this Royalty was due to Creative even where Ricoh merely sold a chip to another Ricoh division. *Id.* at ¶ 5.9. The 1988 Development Agreement further required Ricoh to pay Creative additional compensation for the technology that Ricoh was licensing, including

1 development fees, CAD fees, paying to file and prosecute any patent applications,
2 paying for Ricoh personnel to be on-site at Creative's offices, and providing a myriad of
3 other benefits to Creative that reflect the total compensation package under the
4 Development Agreement to Creative. *See, e.g., id.* at ¶¶ 2.1, 2.1.1, 5.1, 5.2, and 9.1.

5 Mr. Hampton relied on the percentage royalty rate in the Agreement to the
6 exclusion of all other provisions and only Mr. Hampton held that the Agreement had a
7 **determinative** impact on the royalty rate (*i.e.*, as capping the maximum royalty rate at
8 0.5%). This was error. *Minks v. Polaris Indus., Inc.*, 546 F.3d 1364, 1372-73 (Fed. Cir.
9 2008) (reversing trial court's damages award because it narrowly focused on the royalty
10 rate in a patent license to the exclusion of other provisions and context). Hampton
11 ignores this context for the 1988 Development Agreement and mechanically assumes
12 that it caps the maximum reasonable royalty rate for the '497 patent under Georgia-
13 Pacific Factor No. 1 at less than 1 %. Hampton Report at ¶¶ 13, 64-66. This assumption,
14 too, is contrary to law. "By its terms, [Georgia-Pacific Factor No. 1] considers only past
15 and present licenses to the **actual patent** and the **actual claims** in litigation."
16 *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 869-70 (Fed. Cir. 2010) (emphasis
17 added). At the time the 1988 Development Agreement was executed, however, the
18 application for the '497 patent had not even been filed. There was no guarantee that any
19 patent would be filed or whether any patent would issue at the time the 1988
20 Development Agreement was executed and no way to determine what value, if any, the
21 issued claims of the '497 patent might have. Consequently, in order for the 1988
22 Development Agreement to cap the reasonable royalty rate under the '497 patent claims,
23 Mr. Hampton was required to link the various provisions of the 1988 Defendant
24 Agreement to the claims that actually issued in 1993. *Id.* (rejecting expert analysis that
25 did not tie his analysis of license agreements to the actual patent claims at issue in the
26 lawsuit).

27 Moreover, Mr. Hampton makes no effort to link the 1988 Development
28 Agreement to the '497 patent claims **as issued**. Hampton Report at ¶¶ 44-66. The 1988

1 Development Agreement indicates Ricoh was willing to pay licensing fees and
2 substantial other compensation to Creative—including paying all patent application
3 costs—merely for the *possibility* that Creative would be able to create a valuable and
4 patentable ROM chip. Ex. 33 at ¶¶ 2.1, 2.1.1, 5.1, 5.2, 5.4, 5.9 and 9.1. Mr. Hampton
5 improperly discounts these facts. Hampton erred as a matter of law in assuming that the
6 1988 Development Agreement caps the maximum royalty rate at less than 1% under
7 Georgia-Pacific Factor No. 1. Because Mr. Hampton improperly places determinative
8 weight on the 1988 Development Agreement under Georgia-Pacific Factor No. 1, his
9 analysis is legally improper. *ResQNet.com*, 594 F.3d at 869-71.

10 **G. It Was Legally Improper To Exclude Mr. Pellegrino’s Testimony**
11 **Regarding Design License Fees And Design Fees**

12 As noted, it is legal error to prevent consideration of all terms of the 1994
13 Development Agreement. Mr. Pellegrino properly considered those terms. As reflected
14 in multiple filings in the record, the Court improperly excluded this testimony of Mr.
15 Pellegrino.

16 **III. CONCLUSION**

17 Judgment as a matter of law should be found in favor of Plaintiff.

18 Dated: March 13, 2014

Respectfully submitted:

19 **BARNES & THORNBURG LLP**

20 By: /s/Todd G. Vare

21 TODD G. VARE

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23 Systems, Inc.
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